

WEST VIRGINIA

CONFIRMATION & MODIFICATION OF LEASE AGREEMENT

*Bob Brac.*  
*4360 Rytuumann Hwy*  
*Shanandoy Pa.*  
*15378*

This Agreement, entered into this 10<sup>th</sup> day of June, 2008, between **Margaret M. Reed and Donald V. Reed, her husband**, of 4329 NW 35<sup>th</sup> Street, Gainesville, FL 32605 (hereafter "Lessor", regardless of whether one or more in number), and **COLUMBIA GAS TRANSMISSION CORPORATION**, 1700 MacCorkle Avenue SE, Post Office Box 1273, Charleston, WV 25325-1273 (hereafter "Columbia").

WITNESSETH:

**WHEREAS**, Columbia is the owner of the Lease Agreement for underground natural gas storage purposes as described in an agreement dated March 5, 1986 and recorded on July 31, 1986 in the Land Records of Marshall County, West Virginia, in Book 515 page 581, and 515/593, 515/595 (hereafter "Lease Agreement");

**WHEREAS**, Lessor is the owner of the land subject to said Lease Agreement being described in that certain Deed dated June 15, 1990 and recorded on June 15, 1990 in the Land Records of Marshall County, West Virginia, in Deed Book 551, page 655, comprising 98 acres, more or less, situate in Webster District, Marshall County, West Virginia, which property is identified as Tax Map 5 Parcel Number 47; and

**WHEREAS**, for the purpose of this agreement, the Storage Interval is defined as: That interval from a point 50 feet above to the top of the Gas Sand of the Allegheny Series of Pennsylvanian Age to a point 100 feet below the top of the Gordon Sandstone of Upper Devonian Age; and

**WHEREAS**, Columbia now wishes to amend and supplement the Lease Agreement to provide for the production of oil and gas from the Storage Interval from the existing wells, being Well Numbers 3722, 4722, 4732, 4733 and 1054; and

**WHEREAS**, Lessor and Columbia have consented and agreed as to the said lands or such portions thereof, as may be presently owned by Lessor, to confirm the existing Lease Agreement and to modify, amend and supplement said Lease Agreement in the manner hereinafter set forth.

**NOW THEREFORE**, In consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, Lessor and Columbia do hereby insert the following provisions in the Lease Agreement:

**PRODUCTION LEASING CLAUSE.** Lessor hereby grants, demises, leases and lets exclusively unto Columbia, its successors and assigns, all the oil and gas and their constituents, whether hydrocarbon or non-hydrocarbon, within the Storage Interval

underlying the Leasehold, together with such exclusive rights as may be necessary or convenient for Columbia, at its election, to produce, measure, and market production from the Storage Interval underlying the Leasehold, and from adjoining lands, so long as such activities, in Columbia's sole determination, does not interfere with Columbia's storage operations, using methods and techniques which are not restricted to current technology, including the right to conduct geophysical and other exploratory tests; to maintain, operate, cease to operate, plug, abandon, and remove wells; to use or install roads, electric power and telecommunications facilities, and to construct pipelines with appurtenant facilities, including data acquisition and transmission, compression and collection facilities for use in the production and transportation of products from the Leasehold and from neighboring lands across the Leasehold, and such rights shall survive the term of this Agreement for so long thereafter as operations are continued; to use oil, gas, and non-domestic water sources, free of costs and to operate, maintain, repair, and remove material and equipment, it being understood and agreed that Lessee's right to produce shall be limited to production from the Storage Interval from the existing wells, being Well Numbers 3722, 4722, 4732, 4733 and 1054.

**PAYMENTS TO LESSOR.** When the Leasehold ceases to be used for storage purposes, Columbia covenants and agrees to pay to Lessor, proportionate to Lessor's percentage of ownership, as follows:

(a) **Delay Rental:** Columbia shall pay Lessor as Delay Rental at the rate of Four Dollars (\$4.00) per net mineral acre per year payable annually in advance, beginning on the date that a storage acreage rental and/or gas storage well royalty payment would have been due had the Leasehold continued to be used for storage purposes.

(b) **Royalty for Production Wells** - Columbia shall pay Lessor as follows:

(1) **Oil Royalty:** Columbia will deliver to the credit of the owner(s) of the oil, free of cost, in the pipeline to which Columbia may connect its wells, a royalty of the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.

(2) **Gas Royalty:** With the exception of gas removed from a stratum in which Columbia is then storing gas,

(i) Columbia will pay to the owner(s) of the gas their proportionate part of one-eighth (1/8) of the proceeds received by Columbia from a third party purchaser for all gas and the constituents thereof produced and marketed from the Leasehold or;

(ii) In the event that Columbia wishes to use the gas produced for its own purposes, Columbia shall, at its sole option, compensate the owner(s) of the gas in a lump sum for their proportionate part of one-eighth (1/8) of the remaining economically recoverable gas based on methodology generally acceptable in the industry or Columbia shall compensate the owner(s) of the gas

for their proportionate part of one-eighth (1/8) part of the gas each month based on the volume produced valued at the monthly index value for Columbia Gas Transmission Corp, Appalachia as published monthly in Inside FERC's Gas Market Report, which price the Lessor expressly acknowledges may be higher or lower than the price that Columbia could have obtained by selling to a third party purchaser.

It is expressly stipulated that the royalty provided for in this paragraph b(2) shall be delivered to the owner(s) of the gas free of any and all post-production costs, including but not limited to gathering, transportation, compression, and dehydration.

**(c) Delay in Marketing.** In the event that Columbia does not market producible gas, oil, or their constituents from the Leasehold, Columbia shall continue to pay Delay Rental until such time as marketing is established, and such payment shall maintain this Lease in full force and effect to the same extent as payment of Royalty.

**(d) Shut-in.** In the event that production of oil, gas, or their constituents is interrupted and not marketed for a period of six months, and there is no producing well on the Leasehold, Columbia shall thereafter, as Royalty for constructive production, pay a Shut-in Royalty equal in amount and frequency to the Delay Rental until such time as production is re-established and said payment shall maintain this Lease in full force and effect to the same extent as payment of Royalty. During Shut-in, Columbia shall have the right to rework, stimulate, or deepen within the Storage Interval any well on the Leasehold in an effort to re-establish production from the Storage Interval. In the event that the production from the only producing well on the Leasehold is interrupted for a period of less than six months, this Lease shall remain in full force and effect without payment of Royalty or Shut-in Royalty.

**(e) Gas Measurement.** Lessee shall have the right to commingle gas produced from said land with other gas and thereupon the royalty shall be computed upon an appropriate fraction of the commingled gas. Lessee shall meter all gas produced from the leased land at a master meter located at Columbia's Majorsville Compressor Station, Majorsville Road, West Finley, PA 15377, and such meter readings together with the results from open flow tests made at least once a year shall furnish the basis for computation of the amounts of gas for royalty purposes.

**FACILITIES SETBACK; PROTECTION OF FACILITIES.** Lessor shall not place or permit to be placed any temporary or permanent structure or obstruction of any kind, including but not limited to buildings, mobile homes, trees, telephone poles or wires, electric poles or wires, water or sewer lines, meters or utility boxes, paved roads or passage ways or the like, within 300 feet of any well or within 25 feet of any pipeline installed by Columbia (hereafter "Pipeline Setback Area"), without obtaining Columbia's

prior written consent. Further, Lessor shall not, without obtaining the prior consent of Columbia: change the depth of cover over or within any Pipeline Setback Area; store any materials of any kind or operate, or allow to be operated, any heavy machinery or equipment over or within any Pipeline Setback Area; or improve, modify, degrade or restrict any roads or facilities installed by Columbia. It is understood and agreed that Lessor shall not interfere with Columbia's rights under this Lease nor obstruct Columbia's operations on the Leasehold.

**SUBSTITUTION OF PROVISION.** Lessor and Columbia agree to replace the TERM provision in the Lease Agreement with the following provision:

**TERM.** The term of this Lease shall be for a period of ten years from the date of execution, and for so long thereafter as prescribed payments are made, or for as long thereafter as operations are conducted on the Leasehold in search of or production of oil, gas, or their constituents, or for as long as a well capable of production is located on the Leasehold, or for as long as extended by provision herein, or for as long as the Leasehold is used for the underground storage of gas, or for the protection of stored gas. If after the primary term the last producing well on the Leasehold is plugged and abandoned, the Leasehold will remain under lease for an additional period of one year from the date of plugging and abandonment, subject to the payment of Delay Rental.

**CONFIRMATION OF LEASE AGREEMENT.** Except as herein provided, the Lease Agreement is in nowise altered or amended and for the same consideration said Lease Agreement, as herein modified and amended, is hereby ratified, confirmed and adopted in every respect, and the same is hereby declared to be a valid and subsisting Lease Agreement in full force and effect.

**SUCCESSORS.** All rights and duties under this Lease benefit and bind Lessor and Columbia and their heirs, successors and assigns.

**COUNTERPARTS.** This instrument may be executed in one or more counterparts, all of which taken together shall constitute one and the same instrument.


**WITNESS** the following signature(s) and seal(s).

SIGNATURE OF LESSOR:

Margaret M. Reed Margaret M. Reed  
Print Name: Margaret M. Reed

Donald V. Reed Donald V. Reed  
Print Name: Donald V. Reed

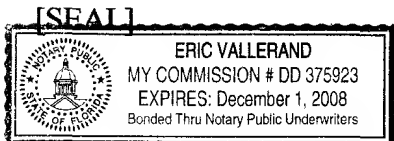
COLUMBIA GAS TRANSMISSION  
CORPORATION

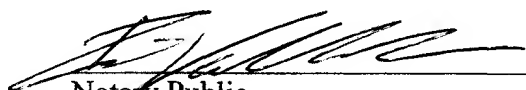
  
By: Sheree L. Parks Downey  
Title: Director, Asset Management

STATE OF Florida :  
COUNTY OF Alachua :

On this, the 10<sup>th</sup> day of June, 2008, before me  
Eric Valleraud, the undersigned officer, personally appeared  
**Margaret M. Reed and Donald V. Reed**, known to me (or satisfactorily proven) to be  
the persons whose names are subscribed to the within instrument, and acknowledged that  
they executed the same for the purposes therein contained.

In witness whereof, I hereunto set my hand and official seal.



  
Notary Public  
Printed Name: Eric Valleraud  
My commission expires: 12-01-08

STATE OF WEST VIRGINIA,  
COUNTY OF KANAWHA,

The foregoing instrument was acknowledged before me this 1st day of July, 2008 by Sheree L. Parks Downey, who acknowledged herself to be the Director, Asset Management of Columbia Gas Transmission Corporation, a Delaware corporation, on behalf of the corporation.

My commission expires: Oct. 6, 2014

Deborah J. Wough  
Notary Public

Prepared by:  
Mary Sue Schulberg  
Legal Department  
NiSource Corporate Services Co.  
P.O. Box 1273  
Charleston, WV 25325



Completed by: Lorrie Steadman  
Lorrie Steadman

JAN PEST  
MARSHALL County 11:20:31 AM  
Instrument No 1254906  
Date Recorded 07/07/2008  
Document Type O&G  
Book-Page 670-154  
Recording Fee \$6.00  
Additional \$6.00

## STATE OF WEST VIRGINIA, MARSHALL COUNTY, SCT.:

I, JAN PEST, Clerk of the County Commission of said County, do hereby certify that the annexed writing, bearing date on the 10th day of June, 2008, was presented for and by me, admitted to record in my office upon the above certificate as to the parties therein named this 7th day of July, 2008 at 11:20 o'clock A.M.

TESTE: Jan Pest Clerk.